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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION  
OF PAETEC COMMUNICATIONS, INC.  
TARIFF FILING TO INCREASE THE  
DIRECTORY ASSISTANCE RATE

DOCKET NO. T-03663A-05-0474

DECISION NO. 68441

ORDER

Open Meeting  
January 24-25, 2006  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. PAETEC Communications, Inc. ("PAETEC") is certificated to provide intrastate telecommunications service as a public service corporation in the State of Arizona.

2. On July 1, 2005, PAETEC filed tariff revisions to increase the maximum and current rates for its Directory Assistance service provided to long distance users:

PAETEC Communications, Inc.

AZ C.C. Tariff No 1, Sheet No. 1, Sixth Revised  
AZ C.C. Tariff No. 1, Sheet No. 30, Third Revised

3. In this filing, PAETEC proposes to increase its maximum rate from \$1.15 to \$2.00 per request and its current rate from \$0.75 to \$1.25 per request.

4. On July 11, 2005, Staff issued a data request to PAETEC for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code.

5. On July 26, 2005 PAETEC filed its response to Staff's request.

6. On October 4, 2005, PAETEC supplied information to Staff that it had provided customer notification in accordance with Commission requirements.

7. Since this filing increases the maximum rates for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code Rule R14-2-1110 applies to PAETEC'S proposal.

8. The rate increases contained in this filing are for services that have been classified as competitive by the Commission and are now subject to the Commission's Competitive Telecommunications services rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards.

9. Staff requested information from PAETEC to allow it to determine the potential effects of approval of the filing. PAETEC provided information that indicates the expected effect of this filing is an increase in PAETEC's annual Arizona revenues of less than \$1,000. In Response to Staff's Data Request, PAETEC indicated that 102 customers will be impacted by the proposed rate changes. PAETEC currently provides only long distance service to customers in Arizona.

10. PAETEC's proposed rates compare to other long distance providers in Arizona as follows:

<u>Company</u>	<u>DA Service</u>	<u>Actual Rate</u>	<u>Maximum Rate</u>
Qwest CC	Long Distance	\$1.99	\$4.00
AT&T	Long Distance	\$0.60	\$3.00
Cox Telecom	Long Distance	\$1.00	\$2.00
MCI Communications	Long Distance <sup>1</sup>	\$1.99	\$3.00
Verizon LD	Long Distance	\$1.99	\$2.00

11. PAETEC's states that its proposed rate is nation-wide.

12. Staff obtained information regarding PAETEC'S fair value rate base. PAETEC indicated that its fair value rate base is zero in Arizona. Because of the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of PAETEC's

<sup>1</sup> Basic Calling Plan XX

1 operations. Therefore, while Staff considered PAETEC'S fair value rate base information, it did  
2 not accord that information substantial weight in its analysis of this matter.

3 13. Staff has recommended approval of this filing.

4 CONCLUSIONS OF LAW

5 1. PAETEC Communications, Inc. is an Arizona public service corporation within the  
6 meaning of Article XV, Section 2 of the Arizona Constitution.

7 2. The Commission has jurisdiction over PAETEC and over the subject matter of the  
8 Application.

9 3. The Commission, having reviewed the tariff pages (copies of which are contained in  
10 the Commission's tariff files) and Staff's Memorandum dated December 23, 2005 concludes the  
11 tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

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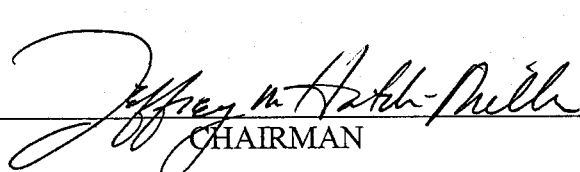
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ORDER

IT IS THEREFORE ORDERED that the tariff filing be and hereby is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

  
CHAIRMAN

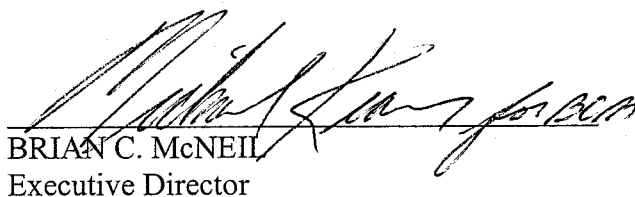
  
COMMISSIONER

  
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IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 2<sup>nd</sup> day of February, 2006.

  
BRIAN C. McNEIL  
Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:AFF:lhmdR

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